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INFORMATION REPORT

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SUPPLEMENT TO
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1. The SMC has called on the German Economic Commission for proposals to counteract the effects of the western freight blockade carried out by the U.S. Zone. There is optimism in DWK circles on chances of obtaining materials from Poland and other satellite nations to replace the missing imports from the West.

2. Among SED politicians, Paul Merker and particularly Walter Ulbricht are serious opponents of the program to renounce steel imports from the Ruhr. Ulbricht points out that every ton of steel imported from the Ruhr represents a gain for Communism and a loss for western Europe. Even more serious consequences are seen by Ulbricht in the loss of political contact with western Germany as a result of the blockade. In the past, the Russian Zone has made much propaganda capital out of its "booming" industry; the fact that it was functioning on western coal and steel was conveniently overlooked in such propaganda. Now Ulbricht sees a great danger in that the western industry under the Marshall Plan will soon outstrip that in the Russian Zone. In addition, Ulbricht fears a weakening of SED influence in trade unions in the West.

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740 4M/C
760 M/D

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